



Competitive advantage on a warming planet

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Abstract:

Whether you're in a traditional smokestack industry or a "clean" business like investment banking, your company will increasingly feel the effects of climate change. Even people skeptical about global warming's dangers are recognizing that, simply because so many others are concerned, the phenomenon has wide-ranging implications. Investors already are discounting share prices of companies poorly positioned to compete in a warming world. Many businesses face higher raw material and energy costs as more and more governments enact policies placing a cost on emissions. Consumers are taking into account a company's environmental record when making purchasing decisions. There's also a burgeoning market in greenhouse gas emission allowances (the carbon market), with annual trading in these assets valued at tens of billions of dollars. Companies that manage and mitigate their exposure to the risks associated with climate change while seeking new opportunities for profit will generate a competitive advantage over rivals in a carbon-constrained future. This article offers a systematic approach to mapping and responding to climate change risks. According to Jonathan Lash and Fred Wellington of the World Resources Institute, an environmental think tank, the risks can be divided into six categories: regulatory (policies such as new emissions standards), products and technology (the development and marketing of climate-friendly products and services), litigation (lawsuits alleging environmental harm), reputational (how a company's environmental policies affect its brand), supply chain (potentially higher raw material and energy costs), and physical (such as an increase in the incidence of hurricanes). The authors propose a four-step process for responding to climate change risk: Quantify your company's carbon footprint; identify the risks and opportunities you face; adapt your business in response; and do it better than your competitors.

Resource Description

Exposure :

weather or climate related pathway by which climate change affects health

Unspecified Exposure

Geographic Feature:

resource focuses on specific type of geography

None or Unspecified

Geographic Location:

resource focuses on specific location

Climate Change and Human Health Literature Portal

United States

Health Impact:

specification of health effect or disease related to climate change exposure

General Health Impact

Mitigation/Adaptation:

mitigation or adaptation strategy is a focus of resource

Adaptation, Mitigation

Model/Methodology:

type of model used or methodology development is a focus of resource

Cost/Economic

Resource Type:

format or standard characteristic of resource

Research Article, Review

Resilience:

capacity of an individual, community, or institution to dynamically and effectively respond or adapt to shifting climate impact circumstances while continuing to function

A focus of content

Timescale:

time period studied

Time Scale Unspecified